

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4756-05
Bill No.: HCS for SB 568
Subject: Motor Vehicles; Transportation; Transportation Department; Crimes and Punishment
Type: Original
Date: March 28, 2012

Bill Summary: This proposal expands Missouri's Move Over Law and increases penalties for moving violations and traffic offenses occurring within an active emergency zone.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue		\$28,536 (up to \$1,969,759)	\$28,536 (up to \$1,969,759)
	(\$76,320)		
Total Estimated Net Effect General Revenue Fund		\$28,536 (up to \$1,969,759)	\$28,536 (up to \$1,969,759)
	(\$76,320)		

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Highway Fund		(\$749,361 or \$2,248,082)	(\$749,361 or \$2,248,082)
	\$0		
Total Estimated Net Effect on <u>Other</u> State Funds		(\$749,361 or (\$2,248,082)	(\$749,361 or (\$2,248,082)
	\$0		

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Local Government	\$0	(\$249,787 or \$749,360)	(\$249,787 or \$749,360)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety - Missouri Highway Patrol, Office of the State Courts Administrator, Department of Transportation and Office of Prosecution Services** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **Office of the State Public Defender** stated for the purpose of this proposed legislation, SPD cannot assume that existing staff will provide effective representation for any new cases arising where indigent persons are charged with the proposed new crime of failure to yield right of way and reduce speed when approaching a stationary Missouri Department of Transportation vehicle.

While the number of new cases (or cases with increased penalties) may be too few or uncertain to request additional funding for this specific bill, the SPD will continue to request sufficient appropriations to provide effective representation.

Oversight assumes the SPD can absorb the additional caseload that may result from this proposal.

Officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Joint Committee on Administrative Rules** state this legislation is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Department of Corrections (DOC)** state they cannot predict the number of new commitments which may result from the creation of the offense(s) outlined in this proposal.

ASSUMPTION (continued)

An increase in commitments depends on the utilization by prosecutors and the actual sentences imposed by the court.

If additional persons are sentenced to the custody of the DOC due to the provisions of this legislation, the DOC will incur a corresponding increase in operational cost through supervision provided by the Board of Probation and Parole. (FY 2011 average of \$5.12 per offender, per day or an annual cost of \$1,869 per offender).

In summary, supervision by the DOC through probation would result in some additional cost, but it is assumed the impact would be \$0 or a minimal amount that could be absorbed within existing resources.

Officials from the **Department of Revenue (DOR) - Motor Vehicle Bureau (MVB)** state procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours of overtime at a cost of \$1,182, the Dealer Operating Manual will need to be revised requiring 40 hours of overtime at a cost of \$1,182, the Missouri Titling Manual will need to be revised requiring 40 hours of overtime at a cost of \$1,182 and the Department's web site will need to be revised requiring 10 hours of overtime for an Administrative Analyst I, at a cost of \$319.

In summary, DOR assumes a cost of \$3,865 ($\$1,182 + \$1,182 + \$1,182 + \319) in FY 2013 to provide for the implementation of the changes in this section.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the personal service cost related to this proposal in this section.

Section 301.147

DOR states this section of the proposal would expand the number of commercial motor vehicle owners who will have the option of biennially registering their commercial motor vehicle. Would provide an option to owners of motor vehicles other than commercial motor vehicles licensed in excess of 54,000 pounds.

The Department assumes there will be an increase in revenue to the highway fund, cities and counties in FY2013 only, due to the biennial registration option being made available to these commercial motor vehicles. Revenue will return to normal in the remaining fiscal years.

ASSUMPTION (continued)

Officials from the DOR state procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours of overtime at a cost of \$1,182. The Department's web site will need to be updated. This will require 10 hours of overtime for an Administrative Analyst III, at a cost of \$319.

In summary, DOR assumes a cost of \$1,501 (\$1,182 + \$319) in FY 2013 to provide for the implementation of the changes in this section.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

The Department's response to a similar proposal in prior years would have indicated the Department planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff and the limitations within the Department's motor vehicle legacy systems, changes cannot be made without significant impact to the department's resources and budget. Therefore, the IT portion of the fiscal impact for Section 301.147 is estimated with a level of effort valued at \$76,320.

The **Department of Revenue (DOR)** may implement this legislation in two different ways. The first option is to continue to produce and distribute the new weather resistant, non-tearing temporary permits to motor vehicle dealers and license offices and build a database for law enforcement to query from. If the Department implements this proposal without a vendor the cost for temporary permits will increase from \$.07 per permit to a potential range from \$1 to \$5. This would require a new decision item for General Revenue Funds of \$371,683 to \$1,970,319. The second option is the DOR could authorize a vendor to carry out this function; however, the Department would still need to build a database to allow law enforcement access to this information.

With Vendor

If the DOR would contract with a vendor to produce temporary permits the vendor would sell temporary permits to dealers for not more than \$5 per permit. The vendor would retain all revenue from the sale of these permits. The dealer would then sell these permits to purchasers for \$5 per permit and retain all revenue from those sales. The vendor would sell temporary permits to the license office for no more than \$5 per permit.

ASSUMPTION (continued)

The vendor would retain all revenue from the sale of these permits. The license offices would then sell these permits to customers at \$5 per permit and retain all revenue from those sales.

Based on 61,403 temporary permits issued by the license offices during FY 11, the license offices may have to pay in excess of \$307,015 in temporary permit inventory. Today, they pay nothing for this inventory.

The Department (central office only) would sell temporary permits to applicants for no more than \$5 per permit. Revenue received due to the sale of temporary permits by the Department (central office) will be considered state revenue. As such, those funds would be distributed as they are today: \$5 to the highway fund.

As the Department would no longer be required to produce and distribute temporary permits to license offices and dealers, this will result in a cost reduction for producing the temporary permits. It currently cost the DOR \$0.0714 to produce one temporary permit from the current contractor. In FY 2011, the Department produced and issued 399,659 temporary permits. By not having to produce temporary permits will result in a cost reduction of \$28,536.

If the Department implements this proposal with a vendor, the revenue impact is as follows:

In FY 11 the Department sold 399,659 temporary permits at \$7.50 each and collected \$2,997,443. Of those 399,659 temporary permits only 336 were sold by the central office. This proposal changes the distribution of funds for the remaining 399,323 temporary permits sold by motor vehicle dealers and license offices. As a result \$2,994,923 will no longer constitute state revenue annually and the collections will be retained by these entities; permits sold directly by the Department to purchasers will continue to be distributed to the highway funds.

The distribution of the loss of a total of \$2,994,923 from the sales of temporary permits by both dealers and the license offices is shown below:

\$5.00 - Highway Fund	(\$1,996,615)
\$2.50 - 75% Highway Fund	(\$748,731)
15% Cities	(\$149,746)
10% Counties	(\$99,831)

ASSUMPTION (continued)

As the Department will charge \$1 to \$5, rather than the current \$7.50, for the issuance of temporary permits out of the central office, there will be a loss of \$2.50 to \$6.50 for each temporary permit sold. In FY11 there were 336 temporary permits sold out of the central office; this will result in a loss of \$840 to \$2,184 as shown below:

75% Highway Fund	(\$630 to \$1,638)
15% Cities	(\$126 to \$328)
10% Counties	(\$84 to \$218)

Without Vendor

If the Department implements this proposal without a vendor, the cost for temporary permits will increase from \$.07 per permit to a potential range from \$1 to \$5. This would require a new decision item for general revenue funds of \$371,683 to \$1,970,319.

The Department would only charge the amount incurred for the cost of the temporary permit to be produced which can range from \$1 to \$5. The money generated from the sale will be distributed to highway funds and can range from \$399,659 to \$1,998,295. In FY11 \$2,747,656 was distributed to the highway fund as a result of temporary permit sales. In FY11 \$249,787 was distributed to cities and counties as a result of temporary permit sales.

This will result in a loss of revenue because the current cost of a temporary permit is \$7.50; therefore there will be a loss ranging from \$2.50 to \$6.50 per permit.

The loss in revenue will impact the following funds annually:

Highway Fund - (\$749,361) to (\$2,347,997)
Cities - (\$149,872)
Counties - (\$99,915)

Since Department of Revenue may implement this legislation in two different ways, **Oversight** will range the cost to the DOR as: \$0 (up to \$1,998,295). As a result, the loss to the Highway Fund will be ranged as: (\$749,361 or \$2,248,082) and the loss to the Cities and Counties as: (\$249,787 or \$749,360).

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
GENERAL REVENUE			
<u>Savings</u> - Temporary Paper Permits no longer used	\$0	\$28,536	\$28,536
<u>Cost</u> - Temporary license plate permit cost to DOR without third party vendor	\$0	\$0 or (up to \$1,998,295)	\$0 or (up to \$1,998,295)
<u>Cost</u> - IT changes (Section 301.147)	<u>(\$76,320)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$76,320)</u>	<u>\$28,536 (up to \$1,969,759)</u>	<u>\$28,536 (up to \$1,969,759)</u>
HIGHWAY FUND			
<u>Loss</u> -Change in fee from \$7.50 to \$5.00 (Section 301.140)	\$0	<u>(\$749,361 or \$2,248,082)</u>	<u>(\$749,361 or \$2,248,082)</u>
ESTIMATED NET EFFECT ON HIGHWAY FUND	<u>\$0</u>	<u>(\$749,361 or \$2,248,082)</u>	<u>(\$749,361 or \$2,248,082)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
LOCAL POLITICAL SUBDIVISIONS			
<u>Loss</u> -Change in fee from \$7.50 to \$5.00 (Section 301.140)	<u>\$0</u>	<u>(\$249,787 or \$749,360)</u>	<u>(\$249,787 or \$749,360)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0</u>	<u>(\$249,787 or \$749,360)</u>	<u>(\$249,787 or \$749,360)</u>

FISCAL IMPACT - Small Business

License offices and dealers would have to purchase temporary permits from the third party vendor for no more than \$5 per permit. The license offices then sell those permits to citizens at \$5 per permit and retain all revenue generated from such sales.

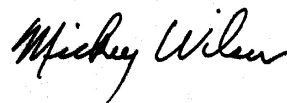
FISCAL DESCRIPTION

This proposal amends Missouri's Move Over Law so that drivers of motor vehicles approaching stationary emergency vehicles or vehicles owned by the commission and operated by Department of Transportation employees displaying amber or amber and white lights shall proceed with caution by making a lane change away from the stationary vehicle, if possible. The proposal further modifies the definition of "emergency vehicle" to include any vehicle owned by the commission and operated by a Department of Transportation employee that is marked as an emergency response or motorist assistance vehicle.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Department of Public Safety
Department of Transportation
Department of Corrections
Office of the State Courts Administrator
Office of the State Public Defender
Office of Prosecution Services
Office of the Secretary of State
Joint Committee on Administrative Rules



Mickey Wilson, CPA
Director

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